

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7084

BILL NUMBER: SB 225

NOTE PREPARED: Apr 2, 2009

BILL AMENDED: Apr 2, 2009

SUBJECT: Foreclosure and Tenants.

FIRST AUTHOR: Sen. Lubbers

FIRST SPONSOR: Rep. Day

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Foreclosure Judgement*- The bill provides that a plaintiff who obtains a judgment of foreclosure on real property: (1) shall honor the terms of a residential rental agreement of; and (2) unless there is cause, may not evict for 90 days; a tenant who rents a rental unit in the property.

Owner Notification of Tenants- The bill requires the landlord of a residential real property containing a rental unit to notify tenants if the property is the subject of a foreclosure action. The bill permits a tenant to terminate a rental agreement in certain circumstances. The bill authorizes a tenant to bring a civil action against an owner or landlord in certain circumstances. The bill provides that for 1 year after the date on which a judgment of foreclosure is rendered on real property containing residential rental units, a tenant may not be evicted from a rental unit unless: (1) the landlord or owner sends the tenant a notice of eviction at least 30 days before the date of eviction; or (2) the rental agreement has expired.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues: *Owner Notification of Tenants*- Without the proper notification specified above, a tenant would be able to pursue civil action against their land owner. Tenants could also pursue legal action if owners did not return unused damage deposits.

Court Fee Revenue: If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed

in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries fee (\$18), public defense administration fee (\$3), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

State Agencies Affected:

Local Agencies Affected: Trial courts, city and town courts.

Information Sources:

Fiscal Analyst: Chris Baker, 317-232-9851.